MUNICIPALITY OF ANCHORAGE
MEMORANDUM

DATE: August 7, 2026

TO: Ona Brause, OMB Director

THRU: LJC Loren Crawford, Acting Treasurer

THRU: PR Paula Reiswig, Manager, Program Taxes & Tax Collection

FROM: Regina James, Tax Enforcement Officer II

SUBJECT: Tobacco Tax Adjustment for 2027

In accordance with AMC 12.40.010, the excise tax on cigarettes will be 142.5 mills, or $0.1425 per cigarette, $2.85 per pack (rounded), and $28.50 per carton effective January 1, 2027. This represents a change in the mill rate and is calculated as follows:

(270.441 + 273.487)/2 = 271.964	Average of 1st and 2nd halves 2025 CPI.
(278.409 – 271.964)/271.964 = .023697989	Change to 1st half of current year (2026)
.1392	2026 tobacco excise tax rate.
x (1 +.023697989)	
.1425	2027 tobacco excise tax rate (rounded).

Attached is a copy of the July 2026 Consumer Price Index (CPI-U) report for Anchorage.

As of January 1, 2011, the excise tax on other tobacco products has been 55% of the established wholesale price. This rate will not automatically increase on January 1, 2027. The recent annual data reveals tax on cigarettes accounts for about 71% of total annual tobacco taxes collected by the Municipality.

Notification of the 2027 tax rates will be forwarded to current tobacco tax licensees in the near future. Revised tax return forms showing this new rate will be made available to the taxpayers by Treasury no later than January 10, 2027.

G:\Finance\Treasury\Revenue Management\Self Reported Taxes\Statistics and Reports\Tobacco Tax\Statistics and Reports\Tax Rates\TTaxRate2027.docx

Consumer Price Index (CPI)

Consumer Price Index for Urban Alaska and the U.S.

Not Seasonally Adjusted - All Items - Urban Consumers

Series ID	U.S.						Urban Alaska					
Year	**1st Half**		**2nd Half**		**Annual**	**12-Month Percent Change**	**1st Half**		**2nd Half**		**Annual**	**12-Month Percent Change**
2014	236.384	1.7	237.088	1.5	236.736	1.6	214.777	1.9	216.833	1.4	215.805	1.6
2015	236.265	-0.1	237.769	0.3	237.017	0.1	217.111	1.1	216.706	-0.1	216.909	0.5
2016	238.778	1.1	241.237	1.5	240.007	1.3	216.999	-0.1	218.660	0.9	217.830	0.4
2017	244.076	2.2	246.163	2.0	245.120	2.1	218.616	0.7	219.131	0.2	218.873	0.5
2018	250.089	2.5	252.125	2.4	251.107	2.4	223.099	2.1	227.992	4.0	225.545	3.0
2019	254.412	1.7	256.903	1.9	255.657	1.8	228.858	2.6	228.495	0.2	228.676	1.4
2020	257.557	1.2	260.065	1.2	258.811	1.2	225.049	-1.7	227.258	-0.5	226.153	-1.1
2021	266.236	3.4	275.703	6.0	270.970	4.7	232.679	3.4	241.698	6.4	237.188	4.9
2022	288.347	8.3	296.963	7.7	292.655	8.0	252.271	8.4	260.576	7.8	256.423	8.1
2023	302.408	4.9	306.996	3.4	304.702	4.1	257.938	2.2	262.806	0.9	260.372	1.5
2024	312.145	3.2	315.233	2.7	313.689	2.9	264.376	2.5	268.039	2.0	266.208	2.2
2025	320.229	2.6	324.000	2.8	321.943	2.6	270.410	2.3	273.181	2.0	271.826	2.1
2026	330.724	3.3					278.409	2.9				

Databases, Tables & Calculators by Subject (bls.gov)